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MONTANA LEGISLATIVE HISTORY

Chapter 505 19 81

Bill H _____ S 409 Original bill & history ___C

H. Committee on Select Committee on Water		S. Committee on Agriculture	
Hearing Date(s) Apr 02	✓C	Hearing Date(s) Feb 18	✓C
_____	___C	_____	___C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Apr 02	✓C	Feb 18	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

S. Committee on Taxation

Mar 03 ✓C

Mar 14 ✓C

...E NEED PAY ONLY THE CURRENT YEAR'S PROPERTY TAXES...
INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION: 2/9
HEARING: 2/20
FAILED TO MEET TRANSMITTAL DEADLINE: 4/6 -- DIED

...9 -- MANNING, GALT -- CREATING A WATER DEVELOPMENT PROGRAM...
FISCAL NOTE: REQUIRED
INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE: 2/9
HEARING: 2/18
REPORT: 2/18, DO PASS AS AMENDED -- STATEMENT OF INTENT ATTACHED
ON MOTION, 2/21, RE-REFERRED TO TAXATION
HEARING: 3/3
REPORT: 3/20, DO PASS AS AMENDED
2ND READING: 3/23, YEAS: 45; NAYS: 4
3RD READING: 3/25, YEAS: 43; NAYS: 6

TRANSMITTED TO HOUSE: 3/25
REFERRED TO SELECT COMMITTEE ON WATER: 3/26
HEARING: 3/31
HEARING: 4/2
REPORT: 4/3, BE CONCURRED IN, AS AMENDED
2ND READING: 4/6, YEAS: 90; NAYS: 0
ON MOTION, 4/6, RULES SUSPENDED, PLACED ON 3RD READING.
3RD READING: 4/6, YEAS: 93; NAYS: 0

RETURNED TO SENATE WITH AMENDMENTS: 4/6
ON MOTION, 4/14, HOUSE REQUESTS RETURN OF BILL
2ND READING: 4/15, BE CONCURRED IN
3RD READING: 4/16, YEAS: 50

TRANSMITTED TO GOVERNOR: 4/21/81
ACTION: 4/23, SIGNED
CHAPTER 565

...1 -- MCCALLUM -- AUTHORIZING COUNTIES TO ESTABLISH PROGRAMS FOR REGISTERING DOGS AND CATS...
INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/9
FAILED TO MEET TRANSMITTAL DEADLINE: 2/25 -- DIED

...1 -- HIMSL, S. BROWN -- DELETING THE REQUIREMENT THAT THE DEPARTMENT OF HEALTH APPROVE COUNTY SERVICES FOR MEDICAL AID TO INDIGENTS.
INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY: 2/9
HEARING: 2/14
REPORT: 2/14, DO PASS
2ND READING: 2/17, DO PASS
3RD READING: 2/19, YEAS: 46; NAYS: 1

TRANSMITTED TO HOUSE: 2/19
REFERRED TO COMMITTEE ON HUMAN SERVICES: 2/20
HEARING: 3/11
REPORT: 3/25, BE CONCURRED IN
2ND READING: 3/28, YEAS: 74; NAYS: 1
3RD READING: 3/31, YEAS: 98; NAYS: 0

RETURNED TO SENATE: 3/31

TRANSMITTED TO GOVERNOR: 4/8/81
ACTION: 4/10, SIGNED

MINUTES OF THE MEETING
AGRICULTURE, LIVESTOCK AND IRRIGATION
MONTANA STATE SENATE

February 18, 1981

The Agriculture, Livestock and Irrigation Committee meeting was called to order on the above date, by Chairman Galt, in Room 415 of the State Capitol Building, at 12:30 p.m.

ROLL CALL: All members present.

Senator Galt turned the chair over to Vice Chairman, Kolstad, so he could present SB 409.

CONSIDERATION OF SENATE BILL 409: Senate Bill 409 was the result of both the Governor's office and the Advisory Council of the Department of Natural Resources to get the state back into a position to finance water development. It opens a water development account for the DNRC to repair and do all the things they should have been doing the past twenty years. These funds have been going into the general fund for the past twenty years so the DNRC has not had the money to do the repairs. With this bill, 0.625% of the coal severance tax goes into renewable resources development and can be used for repairs, but it cannot be used for grants. They will use some five hundred million dollars in bonds for water projects throughout the state.

Leo Berry, DNRC, passed out a graph showing the Montana Water Development Program and how the funds will be used. Attached.

There are basically three separate programs within the water project shown on the graph.

Within the loan and grant system, the Department makes loans and grants to private individuals. The Board would make referrals. The Legislature will make the decisions. The Legislature will review the amount of money under the loans and grants programs.

He went through the bill and pointed out how the program is set up.

The second portion establishes a corpus system of trust and remains intact. The system would be appropriated up to five hundred million worth. The revenues coming in from the projects would help pay the bonds off. If no bonds are issued, the money sits for a six month period and then flows into the corpus of the trust. This does not provide the money. There is a separate bill in the House that contains the appropriation, up to five hundred million dollars. It requires a 3/4 vote on the appropriation of the proceeds.

Proponents: Pat Stuart, Assistant Director, Montana Coal Council, considers the development of hydropower very important and supports this bill.

Gary Langley, Western Environmental Trade Association, supports

the basic concept of the bill.

Gordon McGowan, said this type of legislation will provide the vehicle for the state to get started on a water program. He was concerned about the eight year drought cycle and depletion of water aquifyers in another state.

Pat Osborne, Northern Plains Resource Council, handed out amendments. Attached. He suggested that the economic development can be achieved by using money for renewable purposes. He urged the Committee to consider the amendments and recommended they pass SB 409.

Charlie Crane, Montana Water Development Association, strongly urged SB 409 be passed.

Representative Audrey Roth, HD 10, Chairman of the Water Committee for the House, was in full support of the bill. She said it has been needed for a long time.

Ward Shanahan, attorney, suggested an amendment on page 38 of the bill. He thought there was some confusion between coal trust and resource idemity trust. He thought HB 718 has a legitimate purpose to use these funds for industrial impacts. He wanted an amendment considered for that purpose. He suggested striking Section 44.

There were no opponents.

Committee members were told SCS will cost share with people on projects.

Mr. Berry felt the amendments from Ward Shanahan decreased the resource funds by 2/3 and would eliminate some projects entirely.

When the bonds are issued and the project built, the project is somewhat self supporting. Those revenues would go to pay back the bonds and the rest is flow back, according to Mr. Berry.

Regarding potential projects on Indian lands, Mr. Berry said the Indian water rights issue is more complex and he saw here an opportunity to solve this by working with them because of federal participation on Indian lands.

Senator Graham thought there was a question on whether they could levy tax within the reservation. The present operations are outside the reservation and Indians pay the same tax on this. There are no major mining operations on the reservation now. They plan to try to enter into an operation with the Indians with seventy million dollars Indian financing and ten million dollars state financing.

In regard to Northern Plains' proposed amendment on page 25, section 24, Mr. Berry felt it should be left in as the bonding mechanism can be used for the water economic development package.

Senator Galt said this bill does not address itself to any one

project. It just sets up a mechanism so that the Legislature, in the future, can use it.

Senator Galt resumed the chair.

CONSIDERATION OF SB 474: Senator Paul Boylan, District 38, said the President of the Farmer's Union is in Washington, D.C. and asked the Chairman to postpone the bill until Friday.

Chairman Galt called for any proponents or opponents who were present and unable to attend Friday's meeting to give their testimony now.

Ward Shanahan, representing Dreyer Brothers, Inc., said the bill would intend to impose a $2.00 fee on their water and they had several thousand acre feet. He thought there was a legal problem with imposing a fee on invested rights. If their right will be cancelled, then they wouldn't want to pay the fee.

The hearing on SB 474 was then postponed until February 20.

Senator Galt reminded Committee members of the hearing on HJR 16 at 7:30 p.m. tonight in the Highway Auditorium.

Ann Brodsky, Legislative Council, advised the Committee of some grammatical errors in SB 409. Chairman Galt asked her to correct them.

DISPOSITION OF SB 409:
Senator Conover moved the amendments to SB 409. Motion carried unanimously. (These were the Council amendments.)

Senator Conover moved DO PASS SB 409, as amended. Motion carried unanimously.

There being no further business, the meeting was adjourned.

SENATOR JACK GALT, Chairman

ROLL CALL

AGRICULTURE COMMITTEE

47 th LEGISLATIVE SESSION - - 1981 Date 2-18-81

NAME	PRESENT	ABSENT	EXCUSED
GALT, Jack E.	✓		
KOLSTAD, Allen C.	✓		
AKLESTAD, Gary C.	✓		
OCHSNER, J. Donald	✓		
GRAHAM, Carroll	✓		
BOYLAN, Paul F.	✓		
CONOVER, Max	✓		
ECK, Dorothy	✓		
LEE, Gary	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

February 18 19 81

MR. PRESIDENT

We, your committee on AGRICULTURE, LIVESTOCK AND IRRIGATION

having had under consideration SENATE Bill No. 409

Respectfully report as follows: That SENATE Bill No. 409

be amended as follows:

1. page 5, line 9.
Following: "bond"
Insert: "proceeds"

2. page 24, line 25.
Following: "board"
Strike: "of natural"

3. page 25, line 1.
Strike: "resources and conservation"
Following: "department"
Strike: "of natural"

4. page 25, line 2.
Strike: "resources and conservation"

~~XXXXXX~~
~~DO PASS~~ (continued)

Chairman.

STATE PUB. CO.
Helena, Mont.

February 18 19 81

5. page 31, line 25.
Following: line 24
Strike: "of"
Insert: "or"

6. page 32, line 13.
Following: ". The"
Insert: "trust"

7. page 33, line 2.
Following: "or"
Insert: "trust"

8. page 33, line 15.
Following: "member"
Strike: "has"
Insert: "had"

And as so amended
DO PASS

4/6.

(Statement of Intent attached)

SENATOR JACK GALT, Chairman.

STATE PUB. CO.
Helena, Mont.

STANDING COMMITTEE REPORT

February 18 19 81

MR. PRESIDENT

We, your committee on AGRICULTURE, LIVESTOCK AND IRRIGATION

having had under consideration STATEMENT OF INTENT SENATE Bill No. 409

Respectfully report as follows: That STATEMENT OF INTENT SENATE Bill No. 409 be adopted.

STATEMENT OF INTENT RE: SB 409

A statement of intent is required for this bill because it delegates rulemaking authority to the Board of Natural Resources and Conservation in section 13.

The intent is to provide the Board with the authority to adopt those rules necessary to administer the loan and grant portion of the water development program. The authority is limited by section 13 to prescribing the form and content of applications for grants and loan, to adopting rules governing the application of the criteria for awarding loans and grants to private persons, to adopting rules providing for the servicing of loans including arrangements for obtaining security interests and the establishment of reasonable fees or charges to be made, and to prescribing the terms and conditions for making grants and loans, the security instruments, and the agreements necessary.

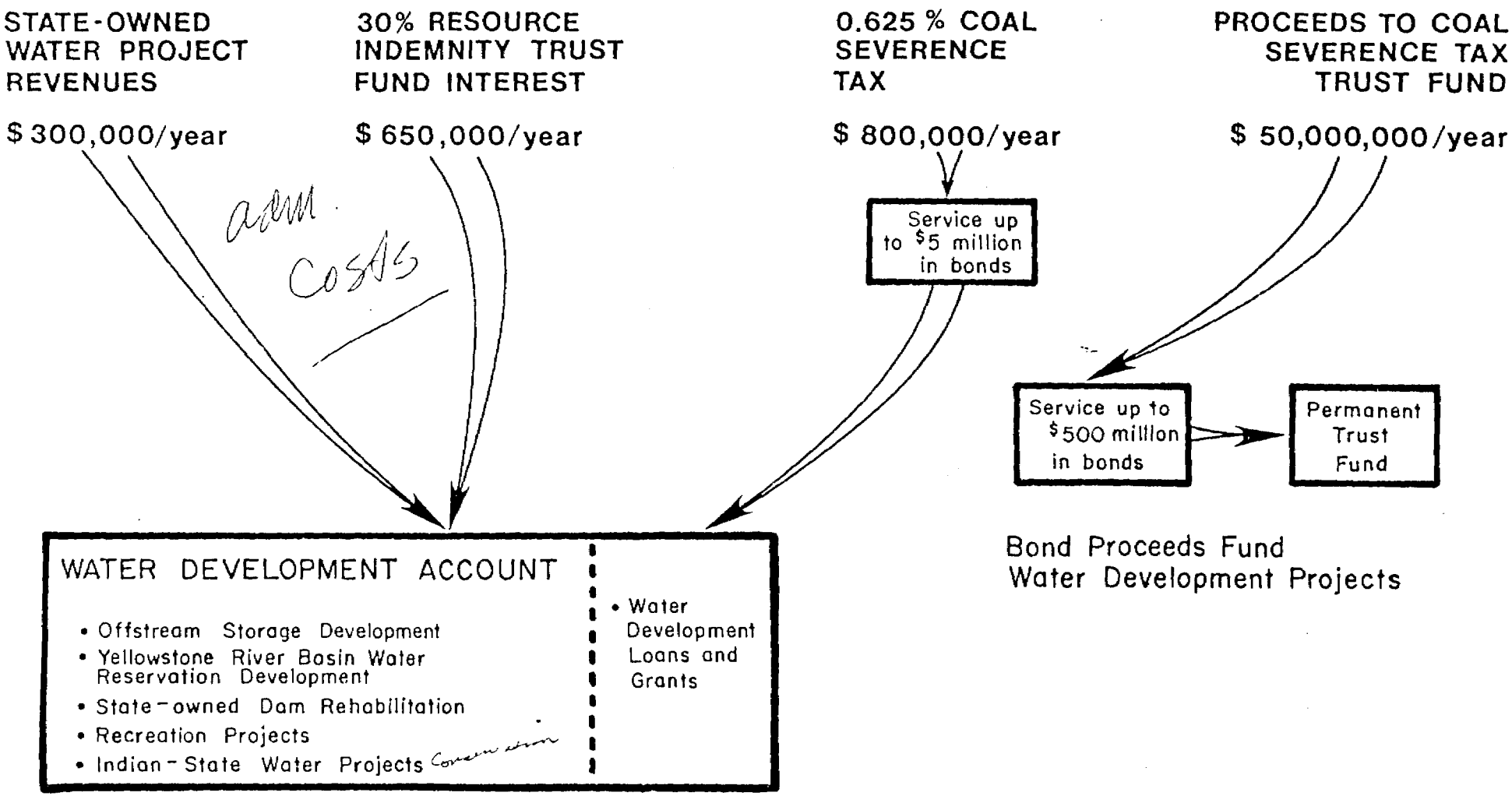
~~XXXXXX~~
~~DO PASS~~

First adopted by the Senate Agriculture, Livestock and Irrigation Committee on the 18th day of February, 1981.

SENATOR JACK GALT, Chairman.

STATE PUB. CO.
Helena, Mont.

MONTANA WATER DEVELOPMENT PROGRAM


STATE-OWNED WATER PROJECT REVENUES
$ 300,000/year
30% RESOURCE INDEMNITY TRUST FUND INTEREST
$ 650,000/year
0.625 % COAL SEVERENCE TAX
$ 800,000/year
PROCEEDS TO COAL SEVERENCE TAX TRUST FUND
$ 50,000,000/year
Service up to $5 million in bonds
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Permanent Trust Fund
WATER DEVELOPMENT ACCOUNT
• Offstream Storage Development
• Yellowstone River Basin Water Reservation Development
• State-owned Dam Rehabilitation
• Recreation Projects
• Indian-State Water Projects
• Water Development Loans and Grants
Bond Proceeds Fund
Water Development Projects

SB 409

AMENDMENTS TO SB 409:

Page 25 line 16
after "activities" STRIKE: "other capital improvements, and economic development in the state designed to provide, during and after extensive coal mining, a healthy economy, the alleviation of social and economic impacts created by coal development, and a clean and healthful environment for present and future generations."

Page 25 line 16
after "activities" ADD: "which will serve a long-term renewable purpose. Such projects and activities include, but are not limited to agricultural, irrigation, small scale hydro, water based recreation, instream flow maintenance and dam maintenance and safety uses.

Page 26 line 2
STRIKE: "other capital improvements and economic development"

Page 26 line 18
after " section 5 " ADD: "The legislature further intends that water projects and activities financed by coal severance tax bonds serve a long-term renewable purpose."

Page 28 line 4
after "activities" STRIKE: "other capital improvements, or economic development"

Page 28 line 7
after "issue." ADD: "The purpose of the issue must clearly reflect that the project or activity will serve a long-term renewable purpose."

Page 35 line 11
after "activities" STRIKE" "other capital improvements, and economic development."

Pat OSborne
Northern Plains Research Council

March 3, 1981

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

The 38th meeting of the committee was called to order at 8:15 a. m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present except for Senator Towe.

CONSIDERATION OF SENATE BILL 409:

"AN ACT TO CREATE A WATER DEVELOPMENT PROGRAM, ESTABLISHING A LOAN AND GRANT PROGRAM FOR WATER DEVELOPMENT PROJECTS AND ACTIVITIES, ESTABLISHING AN EARMARKED WATER DEVELOPMENT ACCOUNT: ALLOCATING A PORTION OF THE COAL SEVERANCE TAX PROCEEDS: ALLOCATING A PORTION OF THE INTEREST INCOME FROM THE RESOURCE INDEMNITY TRUST ACCOUNT: CREATING AUTHORITY FOR WATER DEVELOPMENT BONDS: CREATING AUTHORITY FOR COAL SEVERANCE TAX TRUST FUND BONDS: LIFTING THE CEILING ON WATER CONSERVATION REVENUE BONDS: AMENDING AND REPEALING SECTIONS, M.C.A., AND PROVIDING EFFECTIVE DATES."

Senator Jack Galt, Co-sponsor with Senator Manning, said Senate Bill 409 is an attempt to get the State of Montana involved in water development, to promote development of private, local and state water projects, and promote offstream storage, develop recreational use and rehabilitate existing water storage structures. Senator Galt handed out Attachment #1, showing proposed funding for the bill. He said the most controversial part of the bill is getting into the coal severance tax which would be used to service 500 million dollars in bonds. Any use of monies would have to pass with a 3/4 vote of the legislature.

PROPONENTS:

Leo Berry, Director, Department of Natural Resources, provided Attachment 2. Mr. Berry referred to the chart that Senator Galt handed out previously, and said that on page 8 of the bill (or left-hand side of chart), it shows a total of $950,000 going into water development; (i) lists types of projects the money will be used for including rehabilitation of state-owned dams; formation of early-warning systems below dams; conservation district assistance to promote offstream storage and tributary storage. The Supreme Court has ruled that the legislature cannot make grants to private individuals; this bill provides for that. It also sets up an application process, sets up criteria by which the department would make grants and loans, sets up preferences. Each project would have to be approved by the legislature before bonds were issued, and will require 3/4 vote to use the trust monies. The big question is whether permanent coal trust monies should be spent on this type of project.

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Peter Jackson, Western Environmental Trade Association, Helena; Charlie Crane, Montana Water Development Association; R. A. Ellis, Montana Water Development Association; Willa Hall, League of Women Voters, testimony is Attachment #3. Pat Osborne, NPRC, with amendments to offer for Senate Bill 409, Attachment #4; J. K. Kuzara, representing Musselshell Water Development Program; Ray Beck, Montana Association of Conservation District and Association of Grazing Districts.

OPPONENTS:

John Cadby, Montana Bankers Association, felt there were already three loan authority bills passed to make loans for irrigation purposes to private parties. He also was concerned with the Department of Natural Resources' authority to make loans to private individuals, as he didn't feel there were adequate checks and balances as to who would receive loans and who would not. He said there was no way a local bank could compete with the state. He objected to the fact that a Helena-based organization would say which farmer and which rancher would qualify for loans. He felt that this bill creates unfair competition, creates costly bureaucracy, has no controls and, in the long run, is probably inflationary.

Senator Galt closed by saying the legislature has complete oversight and control of any of the money being spent.

Senator Eck questioned the method of taking the 3/4 vote to allocate projects.

Mr. Berry said the language could be placed anywhere in the bill. What the Department of Natural Resources said was if the legislature didn't want to appropriate, just don't approve the 3/4 appropriation in the House Bill. The Department of Natural Resources would not like to put 3/4 vote requirement in the bill.

Senator Eck wanted to know if the Department of Natural Resources would give assistance if it looked as though the bill could not be passed without it. Mr. Berry said yes, they would take care of that.

Senator Elliott wondered why the bill doesn't say that the Department of Natural Resources can make loans to private individuals from Resource Indemnity Trust fund. The answer was that money will not be available for RITF this session, and the legislature cannot legally grant money to a private individual.

Senator Eck said it was her understanding that in addition to issuing bonds we would also use some of the coal money to pay off the bonds because many of these projects would not be able to create enough revenue to pay for the bonds.

Mr. Berry said if you build a project and issue 100 million dollars worth of bonds and the project is only capable of paying off 70 million dollars, then the fund would assist in the payoff of that bond, with legislative approval. It would be used to pay off those projects not capable of paying off by themselves.

Senator Eck wondered if there should be a requirement that a certain amount of them should be able to pay their own way.

Mr. Berry said they didn't include criteria for the legislature to make a decision. If approved, you would be able to attach whatever criteria you wanted. Many of these projects won't pay for themselves and you will have to consider the public benefits involved. He said they have no objection to setting criteria that future legislators would use, but the Department of Natural Resources left it up to the legislature itself. Mr. Berry said the first priority is to fix the state-owned dams, then for the development of the water reserve for the conservation districts.

The hearing was closed on Senate Bill 409.

CONSIDERATION OF SENATE JOINT RESOLUTION 26:

> "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA DIRECTING MODIFICATION OF THE ADMINISTRATIVE RULE GOVERNING THE ASSESSMENT OF COMMERCIAL FURNITURE AND FIXTURES."

Senator Thomas said this bill asks the Department of Revenue to modify its depreciation schedules for assessments on commercial furniture and fixtures. Basically the Department of Revenue now uses a trending mechanism for placing value on furniture and fixtures. What we ask is simply that they come up with a cost and depreciation schedule for assessing taxable value on furniture and fixtures.

PROPONENTS:

George D. Anderson, CPA, representing Montana Taxpayers Association, Attachment #5., Larry Huss, representing Montana Taxpayers Association, Attachments #6 and 7. Mr. Huss contends that the Department of Revenue is using the trending mechanism, and has been using it since 1975, despite the fact they have no authority to do so. Even without continual change in the trending factor, they have also changed percentage depreciations. They have changed the rate that is used as the trending factor itself. He asked that the legislature request the Department of Revenue to use a system of original cost and depreciation on either a three, five or 10 year basis and refrain from using the trending factor. Ellen Feaver -- she said the current law requires the Department of Revenue to assess taxes on furniture and equipment based on fair market value. If we accepted MONTAX recommendation based on cost depreciated we would not be basing on fair market value. If this resolution is passed, I would urge you also to change statute requiring fair market value. Trending is a tool used to arrive at a fair market value. Trending factor is based on cost. It has been said that the Department of Revenue has instructed county offices to use trending factors; however, they have also been told they might have to re-compute. I will acknowledge testimony, particularly reqarding computers. However, they are a very small part of what is involved. This matter has been considered by the Revenue Oversight Committee and they have chosen to say that the Department of Revenue can act in a fair way. There have been virtually no appeals

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date 2/3/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.		✓	

Each day attach to minutes.

DATE March 3, 1981

COMMITTEE ON Legislation

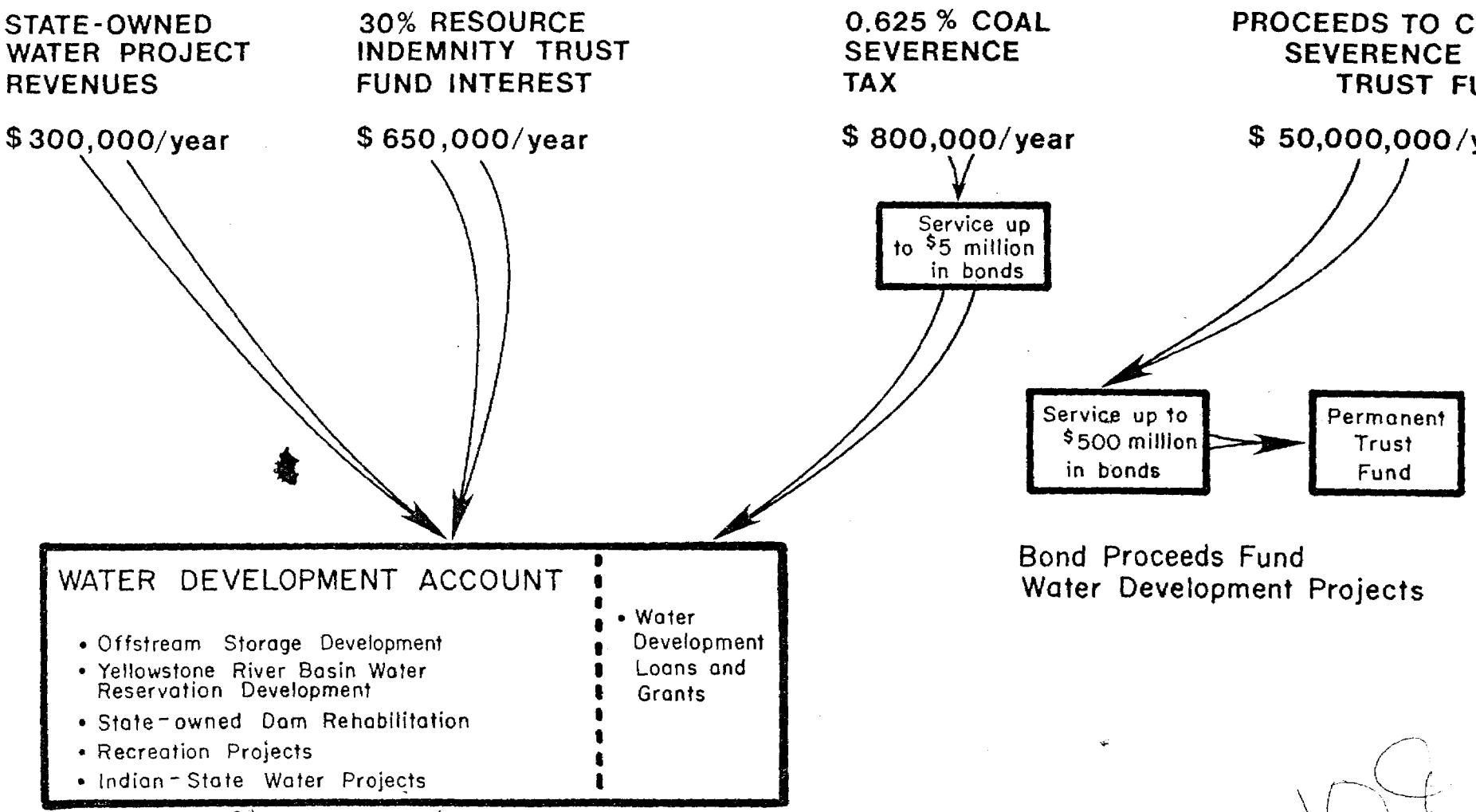
VISITORS' REGISTER Senate Bill 409 & HB 13

NAME	REPRESENTING	BILL #	Check One			
			Support		Oppose	
			409	13	409	13
R.A. Ellis	Mt Water Development	455	✓			
G Bitz	DNRC		✓			
[illegible]	Deadmore-Ranch					
Nikki Hall	League of Women Voters		✓			
Charles Crom	MWRA		✓			
RAY BECK	MT CD MESBD		✓	✓		
[illegible]	Mineral Federation		✓			
[illegible]	[illegible]				✓	
Jim Jensen	MWUA		✓			
Mike Lane	Dept of Revenue			✓		
Steve Brown	MPRCA	409	✓ with amendment			
[illegible]	[illegible]					
G. Radelmeier	GT Mutual Co-Operative	409	✓			
Lou Ottinger	DNRC	409				
[illegible]	DNRC	409	✓			
[illegible]	[illegible]	409	✓			
[illegible]				✓		

(Please leave prepared statement with Secretary)

Attachment #1

MONTANA WATER DEVELOPMENT PROGRAM


STATE-OWNED WATER PROJECT REVENUES
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$ 650,000/year
0.625 % COAL SEVERENCE TAX
$ 800,000/year
PROCEEDS TO COAL SEVERENCE TAX TRUST FUND
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• Water Development Loans and Grants
Bond Proceeds Fund
Water Development Projects

SB409

Attachment #2

SENATE BILL 409

TESTIMONY OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

- -

AN ACT TO CREATE A WATER DEVELOPMENT PROGRAM

- -

In 1933, the State of Montana initiated a major, formal program of construction and operation of state-owned water development projects intended primarily to provide irrigation water. This program was established during a special session of the Montana Legislature in 1933 and subsequently amended and strengthened by the legislature in 1935. Legislation declared that the public interest required the construction of a system of works for the conservation, development, storage, distribution and utilization of water. In all, 181 water projects of a variety of types and sizes had been constructed by the late 1950's. Included were 141 dams and reservoirs with a total storage capacity of over 438,000 acre-feet. Associated with the dams and reservoirs were numerous diversion structures and 815 miles of canals with the capacity to carry some 260,000 acre-feet of water. Total acreage served by the state projects was in excess of 400,000 acres.

In the late 1950's, the State of Montana lost its momentum in the development of its own water resources under direct state sponsorship. To a considerable extent, the state yielded its responsibilities regarding water projects to the federal government, which was active during the 1950's, 1960's and early 1970's in construction of water projects. Federal initiative in water project construction then waned. Not only was there no new state construction of significance during this time but there was a gradual deterioration of the entire state water development system due to a number of reasons including advancing age, poor initial construction practices for some projects, the inability of water users associations to finance major repairs for their projects, increasing

cost per employee of state government, and decreased availability of general fund monies to plan and accomplish repairs and improvements.

Senate Bill 409, in creating a water development program, recognizes the importance of water to Montanans economic well-being and puts the state into the business of promoting the development and conservation of water. Last year, Montana ranchers and farmers produced $1.4 billion worth of crops and livestock, the most revenue generated by any industry. Irrigated crops produced one-fifth of this revenue. Cattleman produced over one-half of the agricultural revenue and depended on 860,000 acres of irrigated pasture to do it. Last year, publicly-owned dams in Montana produced 10.3 billion kilowatt hours of electricity with a total value of about $165 million. Water-based recreation is important to Montana's tourist industry; an industry that brought us $420 million in gross revenues in 1979.

The use and development of Montana's water resources not only benefits today's economy and lifestyle but is an investment that accrues to future generations. Funds spent on water development today reverberate through today's economy. Funds spent on water development today provide long-term stability in our economy necessary for future Montanans. Our agricultural, tourism, hydropower and other water-dependent industries will be here long after our coal is mined and our oil recovered.

As Senator Towe has said "We owe it to future generations to use the money from the Coal Tax Constitutional Trust Fund in such a way that we can lessen the economic shock that will take place when our coal is gone.". It makes sense to invest revenue from nonrenewable resources

into the development of our water resources that will help sustain Montana through the hard times and provide an economic base for our children's children.

National criticism has been focused on Montana for salting away millions of dollars in a trust fund for unspecified and allegedly non-bona vide use. We can demonstrate the validity of the trust fund by providing a means to invest those funds in water resources and other economic development projects that will maintain our economy when the coal is gone. Senate Bill 409 would strengthen the need for our coal severence tax.

Senate Bill 409 would put the machinery in place to promote water resource development. It would be a mistake to expect miracles from the program overnight, but it's a start. The bill creates a program that many think we should have had twenty years ago, that most other western states already have, and that ensures Montana can wisely invest its severence taxes for the benefit of future generations.

Examples of the kinds of projects Senate Bill 409 would promote are:

1. Conversion from electric to gravity sprinkler systems
2. Saline seep abatement
3. Construction of offstream or tributary storage
4. Construction of irrigation systems
5. Canal lining
6. Streambank stabilization
7. Erosion control
8. Rehabilitation of existing irrigation projects
9. Development of Conservation District water reservations
10. Development of hydropower

League of Women Voters of Montana

testimony for SB 409

March 3, 1981

The League of Women Voters supports the concept of this water development program. We are also strong supporters of the 30% Coal Severence Tax. If using a portion of this tax to develop our renewable resources (such as water) strengthens our position with Congress, as we believe it will, then we support this action.

To improve the management of our water resource to the benefit of all Montana citizens is an important goal. While some of these projects to be financed are mentioned fairly specific, such as dam repairs, off stream storage and hydropower development; other projects are mentioned in a more vague fashion, such as projects to develop or protect the water and related agricultural land, fish, wildlife, water recreation resources. As a member of the Citizens Water Advisory Council, I would like to quote from the "Water Development Paper", which council members studied and discussed at great leangth; "Montana rivers provide a significant local and national recreational and scenic resource. As free flowing rivers become more scarce, their value increases. Montana possess a valuable resource in her rivers and this resource should be carefully utilized and preserved". It is important that we protect instream uses as well as consumptive uses as we proceed with water development.

Since <u>this is</u> a WATER DEVELOPMENT PROGRAM, I ask that you strike all wording such as "other capital improvement and economic development" as so stated on page 26, line 2 and 3. This could mean many things unrelated to water development and I could not support the bill if these phrases were

Attachment #4

SB 409

AMENDMENTS TO SB 409:

Page 25 line 16
after "activities" STRIKE: "other capital improvements, and economic development in the state designed to provide, during and after extensive coal mining, a healthy economy, the alleviation of social and economic impacts created by coal development, and a clean and healthful environment for present and future generations."

Page 25 line 16
after "activities" ADD: "which will serve a long-term renewable purpose. Such projects and activities include, but are not limited to agricultural, irrigation, small scale hydro, water based recreation, instream flow maintenance and dam maintenance and safety uses.

Page 26 line 2
STRIKE: "other capital improvements and economic development"

Page 26 line 18
after " section 5 " ADD: "The legislature further intends that water projects and activities financed by coal severance tax bonds serve a long-term renewable purpose."

Page 28 line 4
after "activities" STRIKE: "other capital improvements, or economic development"

Page 28 line 7
after "issue." ADD: "The purpose of the issue must clearly reflect that the project or activity will serve a long-term renewable purpose."

Page 35 line 11
after "activities" STRIKE" "other capital improvements, and economic development."

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 14, 1981

The 46th meeting of the committee was called to order at 8:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present.

CONSIDERATION OF SENATE BILL 409:

After much point-by-point discussion of amendments to Senate Bill 409, amendments offered by Senators Towe, Goodover, and Manley were adopted and the bill was passed from the committee.

The meeting was adjourned at 11:10 a.m.

Pat M. Goodover, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date Sat., Mar. 14, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

March 14 19 81

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 409

SENATE 409

Respectfully report as follows: That Bill No.

second reading (yellow) copy be amended as follows:

1. Title, line 12.
Following: "BONDS;"
Insert: "REQUIRING A LIMITED APPROPRIATION OF INCOME AND INTEREST FROM THE COAL SEVERANCE TAX TRUST;"

2. Page 3, line 5.
Following: "projects."
Insert: "The storage of water for existing and future beneficial uses shall be given a high priority."

3. Page 5, line 17.
Following: "program to"
Strike: "promote"
Insert: "protect and enhance"

~~DO PASS~~

(CONTINUED)

Chairman.

STATE PUB. CO.
Helena, Mont.

4. Page 5, line 22.
Following: "nonpoint source uses, the"
Strike: "promotion"
Insert: "protection and enhancement"

5. Page 13, line 2.
Following: "shall consider"
Strike: "both"
Insert: "only"

6. Page 13, line 3.
Following: "tangible"
Strike: "and intangible"

7. Page 14, line 7.
Following: "activity;"
Strike: "and"

8. Page 14, line 11.
Following: "activity"
Insert: "; and (6) if the application is for a grant the applicant must share in the cost of the project so that the grant may not exceed 25% of the total project cost"

9. Page 22, line 24.
Following: "treasurer"
Insert: "in accordance with the pledge of the full faith and credit and taxing powers of the state"

10. Page 25, line 25.
Following: "bonds"
Insert: "that have been approved by act of the legislature"

11. Page 27, line 10.
Following: "funds"
Insert: "(1)"

12. Page 27, line 14.
Following: "funds"
Insert: "except as provided in subsection (2)"

13. Page 27, line 16.
Following: "subfund"
Strike: remaining text of the sentence

JF

(CONTINUED)

Chairman.

STATE PUB. CO.
Helena, Mont.

14. Page 27
Following: line 17
Insert: "(2) Beginning on July 1, 1983, the legislature shall appropriate 15% of the income and earnings from all subfunds to be deposited to the coal severance tax permanent subfund each year. The funds appropriated to the coal severance tax permanent subfund under this subsection may not be further appropriated except by vote of 3/4 of the members of each house of the legislature."

15. Page 28, line 2.
Following: "examiners"
Insert: ", upon approval of the legislature as hereinafter provided,"

16. Page 28, line 3.
Following: "finance"
Insert: "such approved"

17. Page 28, line 7.
Following: "issue."
Insert: "Each project, activity, other capital improvement or other item of development shall be separately approved as to amount by the legislature."

18. Page 28, line 15.
Following: "issue"
Insert: "for a specific purpose and in a specific amount"

19. Page 35, line 9.
Following: "No more than"
Strike: "$500"
Insert: "$250"

20. Page 45.
Following: line 4
Insert: "Section 53. Coordination instruction. (1) The bonds authorized under [section 29] may not be issued unless:
(a) HB ____ [LC 1477] is passed and approved by a 3/4 vote of each house of the legislature; or
(b) another bill authorizing the debts and appropriating the funds pledged for their repayment is passed and approved by a 3/4 vote of each house of the legislature.
(2) In addition to the requirements of subsection (1), the legislature must specifically approve each project, activity, capital improvement or item of development before the bonds to finance that project, activity, capital improvement or item of development may be issued.
(3) The bonds authorized under [section 18] may not be issued unless a bill authorizing the debt created by the sale of the bonds and appropriating the funds pledged for their repayment is passed and approved by 2/3 vote of each house of the legislature."
Renumber: subsequent sections.

And, as so amended,
DO PASS

SR 6

STATE PUB. CO.
Helena, Mont.

Senator Pat J. Goodover Chairman.

SENATE COMMITTEE TAXATION

Date Mar. 14, 1981 SB Bill No. 409 Time 9:15 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN		✓
SEN. STEVE BROWN		✓
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓
	7	7

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: To amend section 8 " 3/4 % "

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 3/4/81 SB Bill No. 409 Time 9:20 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN		✓
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		✓
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN		✓
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	✓
SEN. GOODOVER (CHAIRMAN)		✓

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: Yellow Sentence:

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 3/4/81 SB Bill No. 409 Time 10:04 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN		✓
SEN. STEVE BROWN		✓
SEN. CRIPPEN	✓	
SEN. ECK		✓
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN		✓
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE		✓
SEN. GOODOVER (CHAIRMAN)	✓	
	9	5

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: Amend line 2 & 3, p. 13

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 3/14/81 SB Bill No. 409 Time 10:20

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER		✓
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN		
SEN. OCHSNER		✓
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)	✓	

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: To add (6)

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 3/12/91 SB Bill No. 409 Time 10:40

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN		✓
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		✓
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN		✓
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)	✓	
	9	5

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: Do pass, as amended.

(include enough information on motion--put with yellow copy of committee report.)

MINUTES OF THE MEETING OF THE SELECT COMMITTEE
ON WATER
April 2, 1981

The Select Committee on Water convened at 1:05 p.m. in Room 436 of the Capitol Building, with CHAIRMAN AUDREY ROTH presiding. All members were present except for REPRESENTATIVE BRIGGS.

HJR 53

At this time CHAIRMAN ROTH read written testimony from Representative Ray Jensen, responding to testimony presented at the hearing of HJR 53 on March 26 given by Laurence Kenmille, Vice-chairman of the Tribal Council, Confederated Salish and Kootenai Tribes of the Flathead Reservation. (EXHIBIT I)

CHAIRMAN ROTH asked if the committee wished to reopen the hearing and the committee declined to do so. The bill remains indefinitely postponed.

SB 409

SENATOR MANNING opened the hearing on SB 409, saying it was time to begin a comprehensive Water program for the State of Montana. He felt that SB 409 would help Montana now and in the future, and also would be helping the nation. 9.3 million feet of Montana water is exported to the gulf every year for the last 40 years, he said, and he felt a water program was vital.

PROPONENTS:

SENATOR GALT testified that the legislature has done everything with water except put it to use. This bill attempts to use money from a non-renewable resource (the coal severance tax) to build up a renewable resource. He said it will create a water development program by developing off-stream storages, help the Soil Conservation Districts put the reservations on the Yellowstone, repair state-owned dams and create water projects. Money from the Water Projects would be used, as would other funds. (See EXHIBIT I)

LEO BERRY, Department of Natural Resources, presented written testimony and a chart (EXHIBIT II) explaining them both. He felt SB 409 was the most comprehensive piece of legislation that has been introduced in recent years. He said that the chart explained where the money will come from for the program, and how it will be spent. One of the first priorities of the program will be to rehabilitate the water projects that have fallen into disrepair, he said. Money from water projects would go back into the fund to effect this.

BERRY continued that amendments to the DNR budget in the Senate

have reduced the available funds to $1.3 million. The main parts of the act are found on page 10 through 16. He discussed those parts for the committee. He then explained that the controversial HB 851 had originally been a part of the bill and had been drawn up separately at Senator Turnage's request.

SB 409 sets up a separate clearance account. Money is diverted for 6 months and is invested by the board, and if it isn't used for projects, it automatically is transferred into the permanent trust. Appropriation of money must have 3/4 approval of the legislature, he said. If HB 851 does not pass, the money would not be appropriated in that account. The department plans to place $250,000 into the account and then approve projects on a case-by-case basis. He told the committee that matching federal funds would be available on some projects. Another stipulation is for 15% of the interest earnings from the trust will go back into the permanent account to replace any money lost due to debt service on the bonds. He estimated that the account will be receiving $50,000,000 per year by 1983. He said that the money can actually be used without being spent.

ELLEN DITZLER presented written testimony to the committee (See EXHIBIT III) favoring the bill. She said that the 3/4 vote needs to be maintained for approval on a project by project basis, or needs to confine the water development plan to water development and treat non-water related development separately.

CHARLIE CRANE urged support of the bill. He commented on the applications for grants and said the 3/4 vote was unnecessary for each and every project, and that 13 senators could stop a good project.

JO BRUNNER, representing Women In Farm Economic presented testimony in favor of the bill. (EXHIBIT IV).

RAY BECK, representing the Montana Association of Conservation Districts, the Montana Association of the State Grazing Districts, the Montana Stockgrowers and the Montana Cowbells, said all those organizations would like to be on record as supporting SB 409. (EXHIBIT V)

PAT UNDERWOOD, representing the Montana Farm Bureau, asked to be placed on the record as supporting SB 409. (EXHIBIT VI)

WILLA HALL, lobbyist for the League of Women Voters, supported the bill with the exception of New Section 24, page 25. She

feels that section does not contain adequate criteria, and urged amendment. She hoped that would be removed from the bill, separating it from the water provisions of the bill.

PAT OSBORNE, Northern Plains Resource Council representative supported the bill but felt the department did not fully state what the trust will finance. He referred to New Section 24, and suggested careful reading of it. He also commented on the 3/4 vote requirement and felt the bill was open-ended, not clearly defined as to projects. He also wondered if this legislature had the authority to tell future legislatures what they could do.

PETE JACKSON, representing the Western Environmental Trade Association, supported the bill as a means to have dams and irrigation projects built, but suggested a language change on grants.

DONALD JOHNAASEN, of the National Farmers' Organization, supported the bill. (EXHIBIT VII)

OPPONENTS:

SENATOR CHET BLAYLOCK said his appearance wasn't really as an opponent to the bill, but as an opponent to the part where the 3/4 vote has been omitted. He referred to the chart (EXHIBIT II) presented by Leo Berry of the DNRC, and said the allocation to the diversionary account (on the left side of the right hand chart) thwarts the purpose of the constitution and that there is $34 million in the fund at this time. He said the coal tax should be spent not only on this, but future generations. He proposed an amendment on page 29, line 2, to insert that there be a 3/4 vote of the legislature for each project.

REP. MANNING said that "pork-barreling" is not good and that provisions have to be provided to "get the show on the road." He agreed with Blaylock's statement that the fund contains $34 million, but said it could have been worth more had the country not been "OPECized". He urged the committee to "buy something now for the future" which would also provide gainful employment.

SENATOR GALT commented that he felt that the concerns of the EIS and WIFE were identical. He also said that economic development and water development were inseparable and that if you require a 3/4 vote on every project, there will be a great deal of "pork-barreling".

QUESTIONS FROM THE COMMITTEE:

REP. KEMMIS asked if this bill diverts the money within the coal tax trust and HB 851 appropriates the money.

BERRY said that HB 851 was originally part of this bill. SENATOR TURNAGE requested it become separate. SB 409 sets up the account, and HB 851 appropriates the money into the account, he said.

REP. KEMMIS asked how much money the bill appropriated. BERRY replied up to $250 million for the use of this bill. It appropriates the proceeds from the trust.

REP. KEMMIS commented that money was being appropriated that didn't exist from coal that hasn't been mined yet. He wondered how this legislature could appropriate trust fund money that didn't yet exist. He also commented that the entire trust fund could be eliminated by a 3/4 vote.

LEO BERRY said the intent is to appropriate money into a water development project and take it out "piece by piece". He said it isn't any different than school funds. The legislature could take out the whole fund if they chose, he said.

REP. KEMMIS said he wondered how we could appropriate future funds. BERRY said that neither the $34 million or any future revenues will be touched by provisions of this bill.

REP. HUENNEKENS felt the bill allowed funding for projects that have no relationship to water and asked Galt to explain. Galt said that every proposed project would have to come up before the legislature and that the intent of the bill (to develop water) would be taken into consideration. He also said that industry would probably pay for most projects.

REP. HUENNEKENS asked if the sponsors had faith in legislators to pass on projects, but not enough to require the 3/4 vote on all the projects.

REP. ASAY asked who would grant the spending of funds. SENATOR GALT said the department (DNRC) would work up the project and the Board of Examiners would allow the funds to be used, after the legislature approved it.

In response to a question from REP. CONROY about bonds, MR. BERRY said that this bill creates a set amount. If you use bonds, you create full-time revenues.

It was the consensus of the committee that further study was

necessary before action could be taken on the bill.

The hearing was closed.

REP. ROTH announced that a subcommittee would be appointed to study SB 409 in depth and make recommendations to the committee.

REP. KEMMIS moved that the Water Committee requested HB 851 to be brought into the committee for study at the same time as SB 409. The motion was seconded and carried UNANIMOUSLY.

CHAIRMAN ROTH appointed REPRESENTATIVES THOFT, CONROY and ROTH to serve on the subcommittee for SB 409.

The meeting adjourned at 2:13 p.m.

Audrey Roth
AUDREY ROTH, Chairman

rj

VISITORS' REGISTER

HOUSE T. NR. COMMITTEE

BILL SB 401 Date 4-2-91

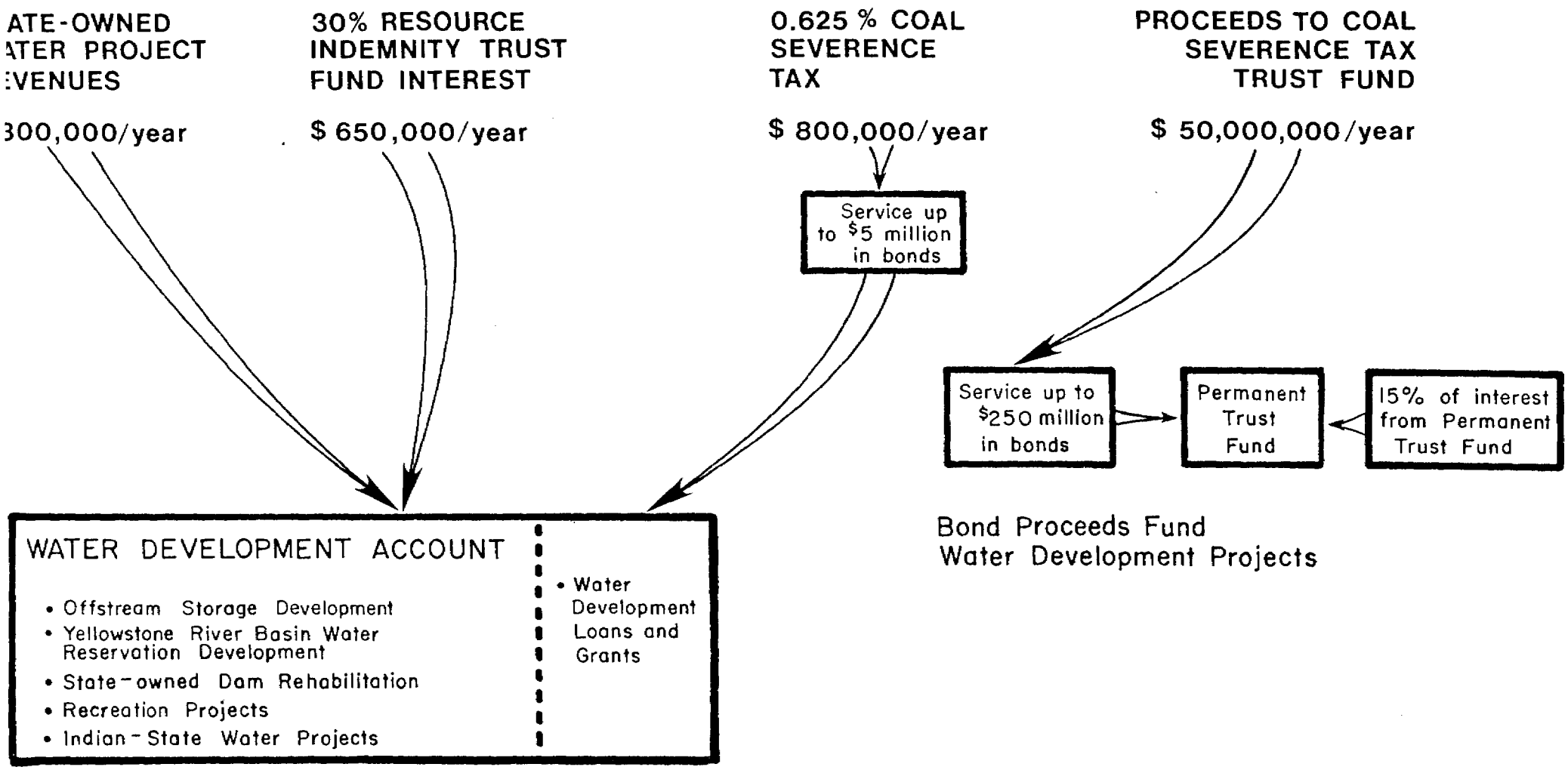
SPONSOR Sen. Thayer

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Julia Hall	Helena	LWV of MT	✓	
Ellen Ditzler	Helena	FWC	✓	
Ray Beck	Helena	MACD / MASCD	✓	
Pat Underwood	Bozeman	MONT. Farm Bureau	✓	
Judy Ebelt	Martinsdale	Self.	✓	
Peter Jackson	Helena	Self	✓	
Steve Pilcher	Glendive	MPRC	✓	
Leo Berry		DNRC	—	
[illegible]	Helena	W.I.F.E.	✓	
Charlie Core	MWRA	MWRA	✓	
Ron Waterman	Shelby	NFO	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MONTANA WATER DEVELOPMENT PROGRAM



SENATE BILL 409

AN ACT TO CREATE A WATER DEVELOPMENT PROGRAM

Senate Bill 409, in creating a water development program for Montana, recognizes the importance of water to the state's economic well-being and invests income from non-renewable resources in the development and conservation of water resources. Funds spent on water development today reverberate through today's economy and provide long-term economic stability for future Montanans. Our agricultural, tourism, hydropower and other water-dependent industries will be here long after our coal is mined and our oil recovered.

National criticism has been focused on Montana for salting away millions of dollars in a trust fund for allegedly unspecified use. Montana can demonstrate the validity of the trust fund by providing a means to invest those funds in water resources and other economic development projects that will maintain our economy when the coal is gone. Senate Bill 409 strengthens the need for our coal severance tax.

SB 409 would earmark revenue from state-owned projects, 30 percent of the interest from the Resource Indemnity Trust Fund and 0.625% of the coal severance tax to a water development account. These revenues, about 3.5 million dollars each biennium, would fund water resource projects; examples are:

- Irrigation Systems
- Saline Seep Abatement
- Offstream and Tributary Storage
- Canal Lining
- Water-based Recreation
- Streambank Stabilization
- Erosion Control
- Rehabilitation of Existing Projects
- Development of Conservation District Water Reservations

In addition, SB 409 would use the coal severance tax proceeds flowing into the permanent trust fund to back bonds sold to finance water projects. Only if projects were unable to fully repay project costs would the severance tax proceeds actually be depleted. The legislature must approve each project before bonds can be sold. Also, 15 percent of the earnings from the permanent trust fund are reappropriated to the trust fund to offset any depletion of proceeds going into that trust fund.

The Montana Environmental Information Center

• P.O. Box 1184, Helena, Montana 59601 (406) 443-2520
• P.O. Box 8166, Missoula, Montana 59801 (406) 728-2644

TESTIMONY IN SUPPORT OF SB 409
Before the House Water Committee April 2, 1981

Madame Chairman, members of the committee, I am Ellen Ditzler. I speak on behalf of the Montana Environmental Information Center, a statewide public interest organization with over 1300 members.

The state water development plan merits the full involvement of conservationists concerned with the efficient use and wise development of Montana's water resources. EIC supports SB 409 as these goals are an integral part of the plan. We believe that with some changes in the bill, Montana will indeed have a sound water development plan with the unified support of all interests.

We do, however, have some specific concerns about SB 409. The first portion of the bill is fairly explicit, with a clearly outlined water development agenda. The second portion of the bill loses that clarity and it is here that we'd like to address our comments.

Part II of SB 409 (begins on p. 25, Section 24) considerably rearranges the present coal tax trust fund. The trust fund is put into the form of bonds "to finance water resource development projects and activities, other capital improvements and economic development..." Please refer also to p. 26, lines 17-20.

Water development projects are given a general description in the definition section of the bill and by the dollar amount appropriated for bond guarantees ($250-500 million), we know that they will be larger water projects. But we have no clue whatsoever what constitutes "other capital improvement and economic development" nor how they entered a water development plan. We know only that the trust fund would be used to back bonds for any kind of economic development that can be bond financed as long as it is designed to provide a healthy economy and environment and alleviate the impacts of coal development. That, of course, is a major condition and the purpose of the trust fund. With SB 409's very broad definition of what trust fund bonds would be used for, what should rightfully follow is a solid check on the specific uses of the bonds to ensure that this condition is met. That solid check is lacking.

Because Montanans feel that the trust fund should primarily be set aside for the benefit of coal-less generations and when used, used judiciously, the constitution requires that 3/4 of each house of the Legislature approve any tapping of the trust fund. Yet here we see something quite different. First, through a single appropriation (HB 851), the trust fund would be used as bond guarantees for water and other development. That initial appropriation requires the 3/4 vote of approval. Second, once that appropriation is approved, using those bonds for specific projects would be approved by a simple majority of the Legislature. Releasing the trust into the form of bonds requires the 3/4 vote, but their specific use does not. This mechanism of approval weakens Montana's constitutional commitment to safeguard the trust fund.

Some have argued that the 3/4 vote requirement would inhibit the passage of needed development programs. But there are two unique features to this plan: first, we are not dealing with general fund money, but with a trust fund we have promised to safeguard and use with a broad foundation of support in the Legislature. Second, we are appropriating trust fund money (in the form of bond guarantees) for "economic development" that only speculation can define. Certainly we can keep our constitutional safeguards intact when approving specific projects. If a project has merit and meets the goals of the trust fund, it will withstand a 3/4 vote and at the same time the Legislature will have kept good faith with the people of Montana. In the end, that kind of economic development will be the best that present and future generations can have.

There is strong consensus that Montana needs a comprehensive water development plan. Thus far debate has centered on the theme: we need a water development plan - let's pass this bill and at last put the state on the road to utilizing its valuable water resources.

But SB 409 is more than just a water development plan. Parts of it raise serious questions about how you, as legislators, will perform as trustees of our coal tax trust fund.

Please consider SB 409 carefully, including the following points:

1) leave in the broad definition of uses of trust fund bonds (water and other development, but maintain a 3/4 vote of approval on a project-by-project basis, or

2) confine the water development plan to water development and treat non-water related development separately.

With changes, SB 409 can be that long-awaited water development plan for Montana.

Thank you for considering our comments.

WITNESS STATEMENT

NAME Jo Brunner BILL No. SB 409

ADDRESS Helena DATE 4/2

WHOM DO YOU REPRESENT Women ~~Involved in Farm Economics~~

SUPPORT X OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Madame Chairman, members of the committee, my name is Jo Brunner, and I speak today for Women Inolved in Farm Economics. We wish to go on record as being support of Senate Bill 409.It is our policy to support legislation and efforts to utilize our water resources to the benefit of the citizens of our state. At our National Convention last November we listened to programs from other states actually planning the use of our water. For instance ~~XXXXX~~ New Mexico is very aware that we do not provide for either on-stream or off-stream storage to the extent we should. They assume therefore, that we have no need for the water and are making plans to obtain it, as they have proof of their need.

W.I.F.E. also approves of the use of coal severance money and proceeds to be utilized for ~~such~~ projects that would be beneficial to the citizens of our state, such as this, in providing for our welfare now and in future generations.

Thank you.

FORM CS-34
1-81

WITNESS STATEMENT

NAME Ray Beck BILL No. SB 409

ADDRESS 7 Edwards Helena DATE 4/2/91

WHOM DO YOU REPRESENT MACD / MASWD

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Mt Assn of Conservation Districts and the Montana Association of State Grazing Districts would like to be shown on the record as in support of SB409.

Thank-you

Also the Mt. Stockgrowers and the Mt Cowbells have asked to be shown in support of SB 409.

FORM CS-34
1-81

WITNESS STATEMENT

NAME Pat Underwood BILL No. SB 409

ADDRESS Box 1267 Bozeman, MT. DATE 3/2 ~~Mar~~ 81

WHOM DO YOU REPRESENT Montana Farm Bureau

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

We support the intent of SB 409. The Montana Farm Bureau believes this legislation at least gives us a starting point in which to work from to create a water development program that will benefit all who make their living and who live in Montana. We believe SB 409 is strong in development of all Montana resources, and will consider the interests of agriculture in a fair manner. We recommend a "Do Pass" on SB 409.

FORM CS-34
1-81

WITNESS STATEMENT

NAME Wendell Swanson BILL No. 409

ADDRESS Shelby DATE 4/03/87

WHOM DO YOU REPRESENT NFO

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The National Farmers Organization supports the concept of small water management.

FORM CS-34
1-81